

Fiscal Note

State of Alaska
2021 Legislative Session

Bill Version:	HB 30
Fiscal Note Number:	1
(H) Publish Date:	4/7/2021

Identifier: HB30-DOA-DRM-2-26-21
Title: WORKERS' COMP: DEATH; PERM PARTIAL
IMPAIR
Sponsor: JOSEPHSON
Requester: House Labor & Commerce

Department: Department of Administration
Appropriation: Risk Management
Allocation: Risk Management
OMB Component Number: 71

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2022 Appropriation Requested	Included in Governor's FY2022 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2022	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Personal Services							
Travel							
Services	245.7		491.4	491.4	491.4	491.4	491.4
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	245.7	0.0	491.4	491.4	491.4	491.4	491.4

Fund Source (Operating Only)

1007 I/A Rcpts (Other)	245.7		491.4	491.4	491.4	491.4	491.4
Total	245.7	0.0	491.4	491.4	491.4	491.4	491.4

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2021) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2022) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Phone: (907)465-5723
Date: 02/26/2021
Date: 02/26/21

FISCAL NOTE ANALYSIS

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Analysis

Risk Management (RM) would be financially impacted by this proposed legislation. Risk Management is funded by inter-agency receipts, based on a shared cost allocation plan. Any increases to Risk Management's operating costs would be passed on via cost allocation to our customer agencies who participate in the state's self-insurance program.

Currently, under the Alaska Worker's Compensation Act, AS 23.30.190 (a), the whole body rating is \$177,000. This bill would increase this rating by 54.24% to \$273,000. RM's ten-year average (FY2011-2020) of whole body Permanent Partial Impairment (PPI) rating payouts to injured employees is \$854,653 per year. The 54.24% would increase the average annual payout by \$463,564. Based on the \$463,564, we anticipate additional payout in second injury fund fees of \$27,814.

This bill would amend AS 23.30.215(a)(1) to increase funeral expense from \$10,000 to \$12,000, as well as increase the Not To Exceed amount from \$120,000 to \$150,000 for dependents that are not direct family members such as a spouse or children, but were dependent on the injured worker at the time of injury. Finally, this will also change (a)(5) to increase the onetime payment benefit to a widow or widower or surviving children from \$5,000 to \$8,000.

The potential cost increase for this bill as noted would impact the costs for workers compensation as charged out to our customer agencies via the annual cost allocation method. Traditionally, Dept. of Transportation, Dept. of Corrections, and Dept. of Health & Social Services experiences the highest workers compensation costs. However, the Dept. of Public Safety unfortunately experiences the most on the job fatalities.